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## FACT SHEET

### Fiscal Reform

The U.S. Agency for International Development (USAID) is working to increase government efficiency and accountability through the creation of transparent tax systems. Implementation of these systems will provide a solid foundation for revenue inflows and outflows and help further Bosnia and Herzegovina (BiH) on the path to membership in the European Union (EU).

The USAID program supports U.S. Government priorities to promote fiscal stability and reform the tax regime, which will help eliminate barriers to the growth of the private sector and encourage foreign investment. Overall, the U.S. Government has provided over \$1 billion to support the development of Bosnia-Herzegovina.

#### Tax Reform Activity (TARA) (May 2006 – September 2010)

TARA is working to complete the donor-led reform of direct taxation in BiH. The project assists the Federation, Republika Srpska (RS) and Brcko District to have an accountable, transparent, modern, business-friendly direct tax regime that simplifies compliance with tax laws and regulations and eliminates unproductive (nuisance) taxes. For example in the Federation the new personal income tax will replace 70 different taxes and rates on personal income. TARA also assists counterparts in designing and implementing a modern system of Real Estate Taxation.

Budget: \$12.1 million  
Implementer: BearingPoint



**Tax authorities implement simplified taxation system**

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